

Factsheet 30 September 2022

NIKKO AM ARK DISRUPTIVE INNOVATION STRATEGY

Assets are held in the Nikko AM Wholesale ARK Disruptive Innovation Fund. The Nikko AM ARK Disruptive Innovation Fund (retail) and Nikko AM KiwiSaver ARK Disruptive Innovation Fund invest in units in the wholesale fund, which the commentary refers to

Market Overview

- In September, broad-based global equity indexes depreciated sharply, as investors weighed the odds of a worsening global recession in the face of hawkish central banks. If the Fed missteps and the economy falls further into recession, companies in the disruptive innovation space should offer scarce growth opportunities, especially as businesses and consumers seek solutions that solve problems, drive efficiencies, and reduce costs, benefiting their share prices.

Fund Highlights

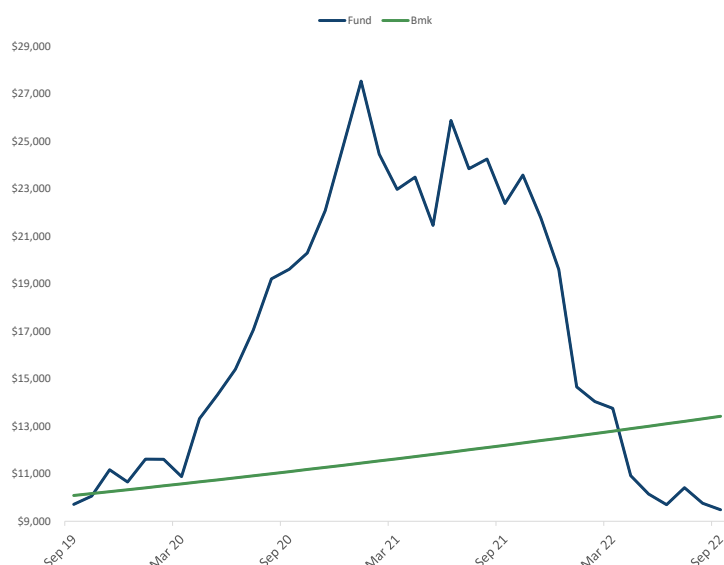
- The fund returned -2.42% over the month and a positive 1.92% over the quarter.
- The top contributors for September include Ginkgo Bioworks (DNA), Robinhood (HOOD) and Signify Health (SGFY).
- The top detractors include Roku (ROKU), UiPath (PATH) and Unity Software (U).

Performance

	One month	Three months	One Year	Three Years (p.a.)
Wholesale ¹	-2.42%	1.92%	-57.31%	
Retail ³	-2.78%	-2.19%	-57.62%	-0.77%
KiwiSaver ³	-2.80%	-2.21%	-57.81%	
Benchmark ²	0.80%	2.41%	10.00%	10.00%

1. Returns are before tax and before the deduction of fees.
2. Absolute return of 10% per annum. No fees, expenses or taxes.
3. Returns are before tax and after the deduction of fees and expenses and including tax credits (if any). Based on in unit price.

Since Inception – Retail Fund^{3,2}



Investment Manager

The fund invests in the Nikko AM ARK Disruptive Innovation Fund managed by Nikko AM Americas. ARK Investment Management LLC is the Investment Adviser to Nikko AM Americas. Cathie Wood is ARK's founder and portfolio manager and is a highly experienced thematic investor.



ARK's transparent research approach is highly differentiated, seeking to capitalise on insights across multiple mediums.

The fund provides access to a global share portfolio that offers thematic exposure to disruptive innovation across a number of sectors and geographies.

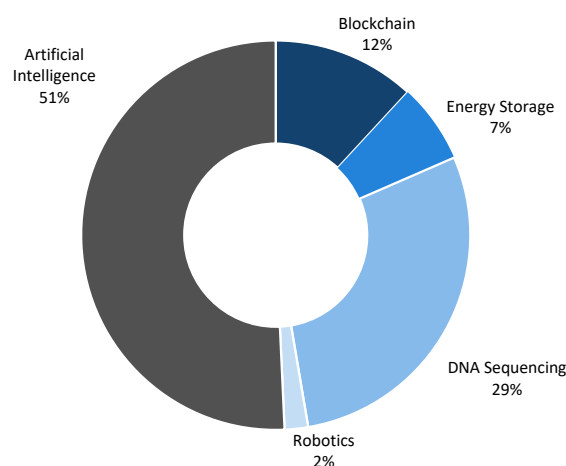
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

Objective

The fund aims to achieve an absolute return of 10% per annum over a rolling five year period before fees, expenses and taxes.

Asset Allocation by Innovation Platform*

*Weights based on Manager's model portfolio, which may vary from the actual portfolio and does not factor in cash positions.



Portfolio Composition (Underlying Fund*)

	%		%
Cloud Computing	17.0	Blockchain & P2P	4.1
Digital Media	15.0	Molecular Diagnostics	4.1
Gene Therapy	10.2	Energy Storage	3.0
E-Commerce	7.8	Autonomous Vehicles	2.4
Instrumentation	5.7	Social Platforms	1.6
Big Data & Machine Learning	5.7	3D Printing	1.5
Internet of Things	5.4	Dev. of Infrastructure	0.9
Mobile	5.0	Targeted Therapeutics	0.7
Beyond DNA	4.7	Robotics	0.5
Bioinformatics	4.7		

Top 10 Holdings (Underlying Fund*)

	%	Country
Tesla Motors Inc	8.61	US
Zoom Video Comms	7.91	US
Roku Inc	7.37	US
Crispr Therapeutics	5.80	Switzerland
Intellia Therapeutics Inc	4.48	US
Square Inc.	4.25	US
UiPath Inc	4.08	US
Exact Sciences Corporation	4.07	US
Twilio Inc.	3.77	US
Unity Software	3.64	US

Market Commentary (source: ARK Investment Management LLC)

In September, broad-based global equity indexes depreciated sharply, as investors weighed the odds of a worsening global recession in the face of hawkish central banks. If the Fed missteps and the economy falls further into recession, companies in the disruptive innovation space should offer scarce growth opportunities, especially as businesses and consumers seek solutions that solve problems, drive efficiencies, and reduce costs, benefiting their share prices. Within the MSCI World Index, the Health Care, Consumer Staples, and Materials sectors outperformed in September, while the Real Estate, Technology, and Communication Services sectors lagged. Some of the largest beneficiaries of the rotation to cyclicals—Energy and Financial Services—could be disrupted significantly during the next five years. In our view, autonomous electric vehicles and digital wallets—including blockchain technologies, cryptocurrencies, and decentralized financial services (DeFi)—will disrupt and disintermediate both Energy and Financial Services.

Fund Commentary

The fund posted a negative return over the month of 2.42%. The top contributors include Ginkgo Bioworks (DNA), Robinhood (HOOD) and Signify Health (SGFY). The Boston-based synthetic biology company has extensive expertise in developing and optimizing microbes for valuable downstream products in many industries. In our view, intellectual property along with equity and royalty streams from its partnerships are Ginkgo’s primary value drivers. Ginkgo recently acquired Altar Bio and Circularis, two companies that will further improve their capabilities around adaptive laboratory evolution and gene overexpression. Shares of Signify Health traded up following news of CVS's interest in acquiring the company. News of the potential acquisition comes after Amazon's recent acquisition of One Medical, suggesting an emerging pattern of consolidation in the digital healthcare space. Signify Health seeks to activate the home as central to healthcare, enabling its members to avoid inefficient and unnecessary medical costs. Shares of Robinhood rallied following news that the Securities and Exchange Commission may stop short of a full ban on payment for order flows, which has been a meaningful revenue driver for Robinhood. ARK believes Robinhood is spearheading a cultural shift and growing the retail investor base. Shares of Signify Health traded up following news of CVS's interest in acquiring the company. News of the potential acquisition comes after Amazon's recent acquisition of One Medical, suggesting an emerging pattern of consolidation in the digital healthcare space. Signify Health seeks to activate the home as central to healthcare, enabling its members to avoid inefficient and unnecessary medical costs.

The top detractors include Roku (ROKU), UiPath (PATH) and Unity Software (U). Shares of Roku traded down on relatively little company-specific news. ARK believes Roku is a dominant player in the connected TV space, and it continues to run the most successful independent TV OS in the U.S. Shares of UiPath declined after the company cut its revenue outlook for fiscal year 2023, which resulted in a lowering of sell-side price targets and stock ratings. The change in revenue outlook was largely attributed to the impact of foreign currency exchange rates. Shares of Unity dipped after AppLovin withdrew its initial bid to acquire the company, citing that AppLovin’s path as the "independent market leader" is better for its shareholders. ARK maintains high conviction in Unity as the engine provider is well positioned to capture meaningful revenue as the digital landscape shifts to a never-ending immersive space.

Key Fund Facts

Distributions: Generally does not distribute	Estimated annual fund charges (Incl. GST)	Strategy Launch	Strategy size
Hedging: Any foreign currency exposure is unhedged.	Retail: 1.30% refer PDS for more details	4 September 2019	\$50.6m
	KiwiSaver: 1.25% refer to PDS for more details		

Investment Manager *The fund invests in the Nikko AM ARK Disruptive Innovation Fund (the **Underlying Fund**), a sub-fund of the Nikko AM Global Umbrella Fund - an open-ended investment company established under Luxembourg law as a société d'investissement à capital variable (SICAV).

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